

CABINET

Thursday, 8 December 2022

AFFORDABLE HOMES PROGRAMME GRANT FUNDING

Report of the Strategic Development Manager

Recommendations

It is recommended that Cabinet:

- (1) approves entering into a Deed of Adherence to the Affordable Homes Programme 2021-2026 Grant Contract Agreement, and associated Supplemental Agreement to the Wayfarer Consortium Agreement; and
 - (2) delegates authority to the Chief Financial Officer (CFO) in consultation with the Leader to authorise future grant applications via the continuous market engagement (CME) process, in accordance with Wayfarer's terms.
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Summary

Cabinet approval is sought to enter into contract with Homes England as a member of the Wayfarer Consortium of registered providers of affordable housing. As a consortium member the Council is able to bid for Affordable Homes Programme funding via the CME (Continuous Market Engagement) route. The Affordable Homes Programme (AHP) provides grant funding to support the capital costs of developing affordable housing for rent or sale.

Entering into contract is necessary in order to claim grant funding, if successful following a CME bid for affordable housing units as part of the Council's Housing Programme projects. Entering into contract is subject to obtaining approval in accordance with Council's standing orders. Cabinet approval is therefore sought to enter into the necessary Agreements with Homes England and the Wayfarer Consortium members.

Statutory Powers

Housing and Regeneration Act 2008

Strategic Implications

1. Whilst entering into a grant agreement is a contractual matter, it has strategic implications because it is a mechanism for supporting the Council to deliver new affordable housing supply in the Borough. This addresses the Corporate

Strategy: Housing objectives of accelerating the delivery of new homes, and encouraging a mix of housing types, tenure and sizes. The proposal also addresses the 'Tackling Deprivation' objective by potentially improving access to lower-cost housing, reducing time waiting for affordable housing and helping to reduce homelessness. Further, the Homelessness and Rough Sleeping Strategy (2019-2024) highlights the importance of a new build programme for housing supply and accommodating homeless households.

Introduction

2. The Council has decided as part of its Strategic Housing Programme to develop and hold new affordable homes, and not rely on other Registered Providers. To enable the Council to legally hold such stock, in May 2021 the Regulator certified that the Council is registered as a provider of social housing (Registered Number 5133). This followed a Cabinet approval in February 2021 to register with the Regulator of Social Housing in order to open a Housing Revenue Account (HRA), as required as a Registered Local Authority Provider.
3. In February 2022, following an Investment Partner Qualification process, the Council received confirmation that it has been added to the Swaythling Housing Society Limited consortium (known as the 'Wayfarer Partnership'). To receive grant funding, providers need to be a qualified investment partner of Homes England or be working with an organisation that is.
4. Section 31(2) of the Housing and Regeneration Act 2008 requires that when any sub market rent properties funded by Homes England are made available, the landlord must be a Registered Provider.
5. As a Wayfarer member and Registered Local Authority provider, the Council is now able to bid for Affordable Homes Programme grant funding, in accordance with the Homes England Capital Funding Guide. In order to receive grant funding the Council needs to enter into the consortium's (Wayfarer) Grant Agreement (via a deed of adherence and supplemental agreement), as detailed below.

Wayfarer Consortium and Affordable Homes Programme 2021-26

6. Wayfarer is a partnership of housing associations, local authorities and charitable partners in the south of England. For further information see www.wayfarerpartnership.com. The purpose of the partnership is to share networks; work collaboratively; manage Homes England programmes (risk management and auditing) and secure grants for its members.
7. The Affordable Homes Programme (AHP) provides grant funding to support the capital costs of developing affordable housing for rent or sale. There are two routes to access funding, and the option available to the Council as an investment partner in a consortium is: scheme by scheme bidding through continuous market engagement (CME) (from December 2020).

8. Applications for affordable housing funding through CME are known as bids. Bids are assessed on an individual basis against Homes England's criteria and considerations. The two key elements to assessment are cost minimisation and deliverability, with further qualitative assessment against the strategic objectives of the fund.
9. The Wayfarer Partnership will support this application process and engage the Homes England Growth Team on the Council's behalf.

Deed of Adherence and Supplemental Agreement

10. For the Homes England Affordable Homes Programme 2021-2026, the consortium (i.e. existing consortium members) entered into a Grant Agreement dated 10th January 2022. The Grant Agreement incorporates the funding conditions of the Programme and is appended to this report as an exempt paper (Appendix 1).
11. The Council is one of two 'Incoming Consortium Members' for the purposes of the Consortium's original grant agreement with Homes England. The Incoming Members are required to sign a Deed of Adherence, such that they agree to assume and be bound by the same obligations, liabilities and duties of the Consortium Members.
12. The Existing Consortium Members have agreed to the New Members joining the Consortium. In addition therefore, a supplemental agreement to this original Consortium Agreement (also dated 10th January 2022) needs to be signed by the Council, and another New Member (Bournemouth Churches Housing Association).
13. Cabinet approval is sought to enter into this Deed of Adherence and the supplemental agreement and the terms. The relevant documents have been reviewed by the Council's legal team.
14. Cabinet approval is sought, in accordance with the constitution (Part 4 – Appendix H- 6.07 i.e. grant funding exceeding £10,000).

Financial Implications

15. There are no direct financial implications as a result of this report as the process of entering into an agreement with Homes England will be managed by existing staff and any further support from project managers will be funded from project budgets. The cost of Wayfarer's team submitting bids on the Council's behalf via the Homes England IMS (Investment Management System) is £385 per affordable home + VAT, and this can be included as an eligible on-cost in total scheme costs for bids.
16. The Strategic Housing team can work with Wayfarer to bid for grant funding on a scheme-by-scheme basis through the CME route (see above). Levels of grant funding sought will be in accordance with budget approvals for each Housing Programme schemes, as appropriate. The objective of bidding for grant funding is to secure the ability to fund affordable housing provision on-

site, with a priority for securing social rent levels where the business case and funding allows.

17. Approval is sought therefore to delegate authority to the Council's Chief Financial Officer (CFO) in consultation with the Leader to authorise future grant applications via for the continuous market engagement (CME) process, in accordance with Wayfarer's terms.
18. If the Council is successful in scheme bids, and will receive grant, it needs to be in contract in order to claim the grant funding.

Risk Assessment

19. The Council's legal team have considered the documents provided by the Wayfarer Lead Partner (Abri), including legal advice, and they have reviewed the original Grant Agreement and Wayfarer Consortium Agreement.
20. It is noted that the Council is reliant on the Lead Partner within the grant agreement to manage the schemes and applications with Homes England. However, the Lead Partner is considered an experienced Registered Provider (Abri) that is suitable to undertake this work, and the Housing Programme team have been working closely with the Abri team on preparing bids.
21. It is also noted that there are a wide range of default event circumstances set out within the grant agreement whereby Homes England may terminate the agreement and/or recover grant funding from members. Entering into the agreements does not commit the Council to bidding for funding, rather it allows this to happen should the Council wish to do so, and the risks of grant recovery will be assessed individually when bids are made.
22. The Capital Funding Guide sets out the procedures and conditions which must be followed by providers progressing schemes for rent, including Affordable Rent and Social Rent. This includes a section on finance and the conditions and procedural requirements for the use of public subsidy. As the Council's partner, Wayfarer's team will support the Council in compliance with these conditions where funding is received.

Equality and Diversity Implications

23. The Equality Act is not relevant to the decision in this report because it is a report dealing with internal matters only. The decision to enter into this contract does not relate to eliminating discrimination, advancing equality of opportunity, or fostering good relations between different people with protected characteristics. Provision of affordable and social housing does have the potential however to advance equality of opportunity to certain groups e.g., people with disabilities, some BAME groups, and people on low incomes. The Equality Act and duties will be considered at the appropriate decision-making stage for all Housing programme projects.

24. Under the Public Sector Equality Duties, the Homes England duties include the need to consider how the proposal to invest grant addresses a primary equality duty whenever it makes investment decisions.

Climate Change and Environmental Implications

25. As mentioned above, grant funding applications under the Homes England programme are assessed against the strategic objectives of the fund. One such objective is improving the energy efficiency and sustainability of new affordable housing supply. Applicants are expected to demonstrate what actions are taken in the design and build out of the scheme to improve the energy efficiency of the homes, reduce the environmental impact of the development and to work towards net zero carbon.

Conclusion

26. Since becoming a registered local authority provider of affordable homes, and joining the Wayfarer Consortium, the Council is now able to apply (bid) for Homes England grant funding to subsidise housing development projects.
27. Providers developing a programme of schemes under this Affordable Homes Programme (AHP) 2021- 2026 must formally accept the terms and conditions as contained within the relevant AHP Grant Agreement. Cabinet approval is sought to enter into the necessary legal agreements to do so, as guided and administered by the Wayfarer consortium team.

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Appendices Attached: 1

LOCAL GOVERNMENT ACT 1972 - SECTION 100D

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

None.